



Congressional Budget Office

Testimony

The Congressional Budget Office's Work in 2017 and Plans for the Future

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Overview

Chairman Enzi, Ranking Member Sanders, and Members of the Committee, thank you for inviting me here to discuss the work of the Congressional Budget Office. As you know, CBO's mission is providing non-partisan budgetary and economic analysis to support the work of this Committee and the Congress as a whole. My colleagues and I are devoted to that mission, and I appreciate the opportunity to discuss how CBO has executed it this year and how we plan to expand our work in the future.

I also want to take this opportunity to thank you for your support and guidance. We at CBO have long relied on the budget committees to explain to others in the Congress what our role is, to provide constructive feedback on how we can best serve the Congress, and to provide guidance on what legislative developments are occurring and what the Congress's priorities are. That work on your part has been key to our success over the years.

CBO's Work in 2017

In the past year, we have provided the Congress with 740 formal cost estimates and mandate statements, thousands of informal cost estimates, 128 scorekeeping tabulations, 86 analytic reports and working papers, dozens of files of data underlying budget and economic projections, and numerous other publications.¹ Many of the cost estimates were produced under very tight time constraints and required extraordinary efforts by our staff to meet legislative deadlines.

We also undertook new initiatives to enhance our responsiveness and transparency. We reorganized work processes and shifted resources to areas of high demand. We published more evaluations of our projections about the economy, spending, and health insurance subsidies. We documented more of our analytic methods—about flood insurance, pension benefit guarantees, and health care for the military, for example. And we gave more explanations of changes in our estimates, addressing issues ranging from Social Security to options for changing Medicare.

CBO's Future Plans

In the next two years, CBO plans to continue to support the budget committees and the Congress by producing

budget and economic baseline projections, reports about those projections, and cost estimates for many proposals, including all legislation reported by committees. Other major products will include a volume of policy options that would reduce budget deficits, reports on the long-term budget outlook, analyses of the President's budget proposals, monthly budget reviews, and policy analyses on a broad array of topics of interest to Congressional committees. CBO is reviewing and updating every aspect of its simulation model of health insurance coverage, which forms the backbone of its budget projections related to federal health care spending for people younger than 65. In addition, CBO will further develop its capabilities to assess the macroeconomic effects of fiscal policies and the ways that changes in federal regulations affect the agency's baseline budget projections.

Responsiveness and transparency are top priorities of mine, and we have plans to bolster them further. We will make greater use of team approaches to handle surges in demand for analysis of particular issues. We will increase public documentation of our computer models. We will also do more to explain how analysts employ those tools as part of the process for producing estimates. For a cost estimate, for example, an analyst identifies the ways in which a proposal might affect the budget and assesses which of them would probably have substantial effects. The analyst also consults experts and examines the most relevant data and research to form a basis for the estimate—which includes determining which models to use (if any), what information to put into those models, and how to use their output in combination with other available information. In short, estimates are produced not by models but by analysts; a model is only one of many tools that they might use.

We will be able to make significant progress on our plans to boost responsiveness and transparency if we receive funding for fiscal year 2018 within the range that the Senate and House Appropriations Committees have recommended (\$48.1 million and \$48.5 million, respectively). If we receive the funding available under the continuing resolution currently in effect for this year (\$46.2 million), we will make less progress. Moreover, CBO's ability to buy data and research and to pay for other standard activities would be severely limited under the funding specified in the continuing resolution, and the agency's performance of its mission would be degraded.

Many initiatives of great interest to the Congress could be undertaken only if CBO had more employees, so

1. For more detail, see Congressional Budget Office, *The Congressional Budget Office's Work in 2017: A Report to the Congress* (January 2018), www.cbo.gov/publication/53460.

we have submitted a budget request to hire 8 new staff members in 2019 to bolster our responsiveness and transparency, as part of a plan to hire a total of 20 by 2021. The new staff would help CBO respond to requests for information more quickly when there is a surge in demand. They would also allow CBO to supply more information about its analysis and models without reducing the valuable services that it provides to the Congress at its current staffing level. In the next two years, CBO also proposes to expand analytical capacity by adding new health care analysts and creating additional on-site capacity to use sensitive data securely.

I am delighted to talk with you about our work today and would be at any time in the future as well. I am always happy to meet with Members of Congress or to chat on the phone. In addition, our employees meet frequently with Congressional staff to explain our analyses and to answer questions individually and in groups, and we have plans to be in still better contact. For instance, earlier this month, in collaboration with the Congressional Research Service, my colleagues gave presentations to 150 Congressional staff members about how CBO develops estimates of health insurance costs and coverage. We are constantly looking for ways to serve your needs better, and I welcome your suggestions.

CBO's Role in Support of the Congress

CBO was established under the Congressional Budget Act of 1974 to provide information that would support the Congressional budget process and help the Congress make effective budget and economic policy. CBO's work follows processes specified in that law and subsequent laws or developed by the agency in concert with the budget committees and the Congressional leadership. The agency's chief responsibility under the Budget Act is to help the budget committees with the matters under their jurisdiction. CBO also supports other Congressional committees—particularly the Appropriations, Ways and Means, and Finance Committees, as the Budget Act requires—and the leadership of the House and Senate.

The agency is committed to providing information that is:

- Objective—representing not the personal opinions of CBO staff but the consensus and diversity of views of experts from around the country;
- Insightful—applying the best new evidence and innovative ideas as well as the lessons of experience;
- Timely—responding as quickly as possible to the needs of the Congress; and
- Clearly presented and explained—so that policymakers and analysts understand the basis for the agency's findings and have the opportunity to question the analysis and methods used.

In keeping with CBO's mandate to provide analysis that is objective as well as impartial, the agency makes no policy recommendations. Instead, it strives to present fully and fairly the likely consequences of alternative proposals being considered by the Congress so that lawmakers can make informed policy choices.

All of CBO's estimates and reports are reviewed internally for objectivity, analytical soundness, and clarity. That rigorous process involves multiple people at different levels in the organization. In addition, CBO consults with numerous outside experts who represent a variety of perspectives. The experts include professors, analysts at think tanks, representatives of industry groups, other experts in the private sector, and people working for federal agencies and for state and local governments.

Maintaining high-quality work in the face of its many demands is a task that CBO takes very seriously. The agency must constantly balance its commitment to respond quickly to the Congress's needs with its professional responsibility to release reports and estimates only when they reach sufficient quality. Part of CBO's success is built on its ability to strike that balance. Unfortunately, the conflicting demands of speed and quality mean that CBO's analyses may sometimes take longer than the Congress hopes.

CBO is also committed to maintaining a level playing field with regard to the information and analysis that it provides—ensuring that its work is made widely available to the Congress and the public. The agency releases publicly all of its formal cost estimates and analytic reports. It delivers its work to interested Members of Congress and their staff, including in particular the sponsor of legislation or requester of a report, the Chairman and Ranking Member of the committees with jurisdiction over the subject at hand, and the budget committees. At about the same time, the agency posts the work on its website. In addition, an email service, Twitter announcements, and RSS (really simple syndication) feeds notify subscribers when the agency publishes work. And CBO

continually strives to make its work more accessible on its website and on its social media platforms. For example, the agency has had a constructive dialogue in the past year with a group of nonprofit organizations about how to present online information about cost estimates more clearly.

In some circumstances, though, the needs of the Congress lead CBO to keep the results of an analysis confidential. Such analyses include informal cost estimates and other types of information that are often prepared when committees and leadership are evaluating alternative proposals to accomplish their goals, have not made any specific proposals public, and need the flexibility to modify their proposals—sometimes in response to CBO's preliminary estimates—before they become public. In fact, CBO's analysts often provide informal, preliminary estimates to committee staff for a broad range of legislative options, making possible the consideration of different approaches before a specific legislative path is decided upon. In such situations, CBO recognizes that the confidentiality of its work is critical to committees' deliberations, so it keeps its informal estimates confidential as long as the proposals are not made public. (Such confidentiality generally does not apply to proposals that differ only in minor details from ones that are in the public domain.) However, once such a proposal becomes public—as introduced legislation or through public discussion of its major elements—CBO makes its estimate for that proposal available to any interested party in the Congress.

Despite high productivity by a dedicated staff, CBO expects that the number of estimates and other analyses it can produce will fall considerably short of the number of Congressional requests. The demands on the agency remain intense. For example, the workload associated with the analysis of appropriations continues to be heavy, and the Congress remains acutely interested in analyses of the Affordable Care Act and numerous proposals for changes to that law, to Medicaid, and to the Children's Health Insurance Program. Other issues arise frequently and create a heavy demand for analysis; for example, over the past year, CBO analyzed legislation related to immigration, veterans' health, water rights, opioid abuse, education, and nutrition. Analyzing the possibilities and proposals has strained the agency's resources in many areas. CBO regularly consults with committees and Congressional leadership to ensure that its resources are

focused on the work that is of highest priority to the Congress.

CBO's Goals for 2018 and 2019

In 2018 and 2019, to carry out its mission of serving the Congress, CBO will focus on meeting three goals:

- Continuing to provide the Congress with budget and economic information that is objective, insightful, and timely;
- Continuing to present and explain the methodology and results of CBO's analyses clearly and pursuing opportunities to enhance the transparency of the agency's work; and
- Continuing to improve CBO's internal operations.

This section describes CBO's plans if standard activities are funded and the agency's current staffing level is paid for. The ways in which additional funding would bolster CBO's responsiveness and transparency and expand its analytical capacity are discussed in the following section.

Continuing to Provide the Congress With Budget and Economic Information That Is Objective, Insightful, and Timely

In 2018 and 2019, CBO will continue to provide estimates and other analyses to assist the Congress in making budget and economic policy. To make its work more responsive, and in particular to increase its capacity to accommodate surges in demand, CBO has recently shifted some of its existing resources. For example, the agency has reorganized the way it approaches various topics: Teams now have more people prepared to share work in certain areas, such as immigration, health insurance coverage, nutrition programs, and veterans' programs. CBO has become more efficient in reporting the effects of intergovernmental and private-sector mandates and in providing administrative assistance, which has allowed it to increase the number of employees in areas with persistently high demand—the analysis of appropriation bills and of legislation affecting health insurance coverage, nutrition programs, and natural resources. And an editor is now dedicated to assisting with cost estimates, giving analysts and managers more time for other aspects of the work.

As it has throughout its history, the agency will ensure that its work is objective, insightful, and timely. For

example, the agency's cost estimates will nearly always be available to the Congress before a floor vote on legislation. Moreover, the agency will make no policy recommendations but will strive to present fully and fairly the likely consequences of alternative policy proposals.

Many of the products that CBO will produce in the next two years are specified by statute—for instance, the annual report on the outlook for the budget and the economy and cost estimates for bills reported by committees. The rest of CBO's analyses address issues being considered by the Congress, provide background information on budgetary and economic conditions that are relevant for the consideration of legislation, or explain the tools that the agency uses in making projections and estimates. Accordingly, the specific projects that CBO undertakes this year and next will depend on budgetary and economic developments and on requests from Congressional committees and leadership. CBO regularly consults with Members and staff about what topics and types of analyses would be most valuable to the Congress, and the agency responds as rapidly as possible to shifts in Congressional interest.

In each of the next two years, CBO plans to produce the following types of output:

- More than 600 formal cost estimates, most of which will include not only estimates of federal costs but also assessments of the cost of mandates imposed on state, local, and tribal governments or the private sector;
- Thousands of preliminary, informal cost estimates, the demand for which is very high as committees seek a clear picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;
- More than 100 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process, as well as summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis;
- Dozens of analytic reports and papers—generally required by law or prepared in response to requests from the Chairmen and Ranking Members of key committees—about the outlook for the budget and

the economy, major issues affecting that outlook under current law, the budgetary effects of policy proposals that could change the outlook, and a broad range of related budget and economic topics in such areas as defense policy, infrastructure, Social Security, and housing;

- Numerous files of data documenting detailed 10-year baseline budget projections, 10-year economic projections, long-term budget projections (spanning 30 years), and other information underlying analytic reports—all of them posted on CBO's website; and
- Descriptions of policy options that would reduce budget deficits, as well as publications that increase the transparency of CBO's work and communicate about that work graphically.

The analyses requested by the Congress often involve new and complex issues, and the context for recurring issues is constantly changing. CBO expends substantial resources to understand those issues and estimate the impact of policy proposals. Many of CBO's analyses involve assembling evidence from numerous sources, synthesizing the implications of that evidence, and building models to quantify effects of specific proposals and variations of them. To be ready to provide timely responses to requests, the agency makes ongoing investments in that process. For example, the agency is now in the process of updating and refining its models for analyzing potential changes to Medicare.

Continuing to Present and Explain the Methodology and Results of CBO's Analyses Clearly and Pursuing Opportunities to Enhance the Transparency of the Agency's Work

CBO routinely works hard to make its analysis transparent, but of late, the agency has shifted existing resources toward making it still more so. CBO will publish new reports in 2018 describing its processes for producing economic forecasts, budget baselines, and cost estimates for major legislation affecting health insurance. Key staff will also make presentations on Capitol Hill about those processes.

And CBO will increase public documentation of its modeling efforts by publishing more slide decks, working papers, appendixes, supplemental data, related spreadsheets, and other technical material. The efforts to explain models better will include the following:

- The agency will explore ways to make more of the supporting documentation for the methods used in baseline projections and cost estimates publicly available. Such documentation could provide information about key variables underlying particular cost estimates—inflation rates, for instance. It also could show detailed results and associated formulas underlying estimates and link published estimates more copiously to supplemental information.
- In updating its simulation model of health insurance coverage, CBO will get systematic feedback from the research community by making presentations about different aspects of the model as they are developed. The agency will publish conceptual overviews and documentation of all parts of the completed model as well as more detailed information—including computer code—of key aspects of the modeling. (Some aspects of the modeling must not be released publicly so that CBO can maintain the confidentiality of the data.)
- CBO will develop an interactive version of its model for projecting spending on discretionary programs. That interactive model will help researchers understand and replicate the methods that underlie roughly 40 percent of CBO's formal cost estimates.
- The agency will update elements of its long-term budget model and provide technical documentation and computer code explaining the updates.
- CBO will create a publicly available tool to allow users to examine how certain changes in economic projections can affect projections of the federal budget.
- The agency will revise its model for projecting the budgetary effects of changes to laws governing medical malpractice—after carefully reviewing the literature, consulting experts, and analyzing changes in laws in various states and the results of those changes. The agency will publish revised estimates of the budgetary effects, explain the reasons for making revisions to the methodology, document how the revised model works, and make computer code for it available.
- CBO will post on its website a tool for examining the costs of different military force structures (with

different numbers of fighter squadrons and ships, for instance).

- The agency will release a working paper about CBO's model of the maximum sustainable output of the economy and the computer code that generates results discussed in that paper, helping interested researchers replicate the agency's analytical results.

The shifts in resources that will allow CBO to perform those activities involve trade-offs. For example, between surges in demand for analyses of particular topics, CBO will use time to document existing models—time that might otherwise have been spent developing new modeling capacity.

Although CBO is undertaking many new initiatives, transparency has long been a standard part of its work. To begin with, its publications go well beyond simply presenting results; instead, CBO explains the basis of its findings so that Members of Congress, their staff, and outside analysts can understand the results and the methodologies used. In particular, although much of the work that CBO does is extremely technical in nature, the agency devotes substantial time and energy to presenting the work as clearly and nontechnically as possible. It continually seeks feedback about those efforts in order to ensure their effectiveness.

CBO also seeks extensive external review of its analytic reports before they are released and of the methodologies on which its products are based. In the coming two years, input from outside experts and extensive external review will remain an important component of transparency:

- CBO will continue to solicit external professional review of its work so that the agency's analyses reflect both the consensus and diversity of views of experts from around the country.
- The agency's cost estimates will often draw on consultation with outside experts.
- CBO's Panel of Economic Advisers will meet twice a year to provide input on the agency's latest economic forecast and other issues, and CBO's Panel of Health Advisers will meet to discuss key issues affecting the agency's baseline projections and analyses of proposals and examine new research in health care and health

care financing. CBO will also regularly consult with those distinguished experts and other experts for guidance on the agency's work on a broad range of topics.

CBO always tries to clearly present the evidence underlying its analyses and the way that the agency assesses that evidence. To that end, CBO's documents and related information will aim to go well beyond presentations of results:

- Formal cost estimates will describe their basis—that is, the information that CBO collected and how that information was used in constructing the estimates.
- The agency will document and explain the revisions to its budget projections in each successive baseline, and it will report on the accuracy of its projections.
- Many of CBO's reports will provide substantial discussions of the relevant research literature and CBO's modeling approaches.

And the agency will continue to promote transparency by providing broad access:

- When CBO completes a budget or economic projection, a cost estimate for a public piece of legislation, or another type of analysis, it will make the results of that analysis available immediately to all Members of Congress, their staff, and the public.
- CBO's analysts will regularly explain details underlying the agency's estimates and other analyses to interested Congressional staff. Immediately after a major cost estimate is released, CBO often reaches out to staff of key committees. Beginning this year, CBO will invite a wider range of Congressional staff to participate in telephone calls, allowing them to ask questions soon after an estimate is released.
- CBO will regularly update pages on its website about the status of appropriations, methods for analyzing health insurance coverage, and dynamic analysis to make its work in those areas easier to find.
- To promote discussion among experts in the field, CBO's analysts will present their work—including descriptions of their modeling approaches—in working papers and at professional conferences.

CBO undertakes and publishes analyses of the sensitivity of its estimates to key parameters. For example, an analysis of options to improve the financial condition of the Pension Benefit Guaranty Corporation's multi-employer program showed how the results would vary if key inputs to the analysis differed from CBO's expectations. Similarly, the agency's analyses of the economic effects of fiscal policies include alternative estimates that would apply if various effects were stronger or weaker than expected—such as the amount of short-term restraint provided by higher taxes or lower government spending or the response of the labor supply to changes in tax rates.

The agency often responds to questions from Members of Congress about the methods used in its analyses. CBO's analysts spend a great deal of time meeting with interested Members of Congress and their staff to explain the details underlying cost estimates and reports. In its blog, CBO also highlights answers to questions that have frequently been raised by Members, sometimes explaining what the limitations of its analyses are and how new data and results from well-designed studies could help the agency better predict the potential effects of legislative proposals.

Even though CBO devotes substantial time and energy to presenting its work as clearly and nontechnically as possible, the pace of Congressional action often requires the agency to produce analyses quickly. So the amount of explanation that can be provided when an estimate or analytic report is released is sometimes limited by the time available. And because the overall demand for CBO's work is high and its resources are constrained, the agency needs to balance requests to explain more about finished analyses with requests for new analyses and with its other responsibilities, such as regularly updating its baseline budget and economic projections.

Continuing to Improve CBO's Internal Operations

In addition to focusing directly on serving the Congress, CBO devotes resources to attracting and retaining talented employees, developing their skills, and providing the support services and other infrastructure needed to help them be as productive as possible.

CBO faces considerable competition in attracting and retaining highly educated and skilled employees. More than two-thirds of CBO's staff consists of economists and budget analysts, and CBO also requires managers

with the technical skills to lead and manage those employees' work. Talented economists and analysts are highly sought by government agencies, private analytic organizations, and other private companies. Many of CBO's economists and budget analysts could earn significantly more compensation working in the private sector.

To evaluate the competitive market for its employees, CBO routinely compares their salaries with those of employees with similar backgrounds at organizations with which CBO competes. Those organizations include other government agencies, such as the Office of Management and Budget, the Government Accountability Office, the Federal Deposit Insurance Corporation, and the Federal Reserve. They also include academic institutions and private companies.

The compensation gap between CBO and other federal agencies has become substantial. For instance, in recent years, the Federal Reserve paid about \$35,000 more than CBO could offer to people who had recently received their Ph.D. Among economists with doctorates who work in the federal government (excluding the Federal Reserve), about one-third earn more than \$160,000; CBO's highest-paid analysts can earn \$165,000.

Academia is another strong competitor for economists. Several of CBO's senior staff over the years have been former faculty members, and CBO regularly seeks to hire people who have just received their Ph.D. and loses many strong candidates to positions in academia. Over the past three years, more than 60 percent of those to whom CBO has made offers have chosen to take an academic position instead. Compensation is an important factor in that decision; since 2000, pay for economists in academia has increased substantially, whereas the maximum salary that CBO can offer, adjusted for inflation, has fallen.

To attract and retain talented employees, CBO also relies heavily on the nonmonetary rewards of working at the agency. Fortunately, the appeal of the agency's mission to provide objective analyses, the intellectual challenges, the open and collaborative culture that the agency has maintained since its founding, and the satisfaction of public service have enabled CBO to build a dedicated and skilled workforce. However, with the current limits on the salaries that CBO can pay in the competitive markets for economists, budget analysts, and other professionals,

retaining strong performers will be difficult over the long term. Compounding the problem is that the agency is seeing an increase in the retirement of experienced staff.

Staff development both improves work products and helps CBO retain employees. For both purposes, the agency will continue to fund professional development, information technology training, and efforts to improve communication skills. Of course, to remain fiscally prudent, CBO will develop employees' skills by means of internal resources and those of sister agencies to the extent possible.

How Additional Funding Could Bolster CBO's Responsiveness, Transparency, and Analytical Capacity

In response to proposals that CBO provide information even more quickly and transparently than is possible with its current staffing—while continuing to meet its goal of providing objective, insightful, high-quality information—the agency proposes to dedicate additional resources to those efforts. Specifically, CBO proposes to hire 8 new employees in 2019 and a total of 20 over the next three years—or more quickly, if the Congress chooses to appropriate the necessary funding more quickly than CBO is requesting. Certain proposals related to CBO's speed and transparency would require even more resources to implement to the extent possible.

More resources would also help CBO improve its analytical capacity. Currently, the agency is putting special emphasis on two areas: analysis of federal health care spending and expanded access to data. CBO has already shifted some resources to bolster its work in those areas, and it is requesting additional funding for three new health care analysts and for on-site capacity to use sensitive data securely.

Responsiveness

With additional resources, CBO would be able to pursue three main strategies to produce cost estimates more quickly. First, the agency would hire more assistant analysts, who could move from one topic to another and provide support to more senior analysts when demand surged for estimates or analysis about a particular topic, such as health care, natural resources, or banking. Second, CBO would hire analysts to develop deeper expertise about certain topics, such as cybersecurity and higher education policy, so that the agency would be better positioned to analyze new proposals in those areas.

Third, the agency would hire analysts to expand its use of team approaches, in which work on large and complicated proposals is shared.

Furthermore, CBO's proposed expansion of its analytical capacity, which is discussed below, would bolster the agency's responsiveness in the long term by creating a stronger base on which to build when starting new analyses.

Transparency

The agency is actively exploring ways to provide additional information about its modeling that would be useful to the Congress, such as furnishing more public documentation, presenting the sensitivity of budgetary effects to changes in key parameters of policy proposals, and writing accessible source code for computer programs used in analyses. Additional funding would help CBO provide more information about models that examine health insurance coverage, the individual income tax system, labor force participation, how changes in the economy affect the budget, and many other issues. Also, cost estimates often involve creating extensions of old models and building new ones, and substantial additional documentation could make information about those models useful to people outside CBO, who lack access to the agency's internal data systems.

In many cases, CBO produces cost estimates and baseline projections through complex processes that integrate information from numerous models and other analytical tools. Additional resources would allow CBO to explain more about those processes in reports, slide decks, and presentations. Such explanations would show how computer programs used in CBO's modeling fit into the broader scope of the agency's analysis, which consists mainly of identifying how proposed legislation would affect the budget; assessing which types of effects would be substantial enough to quantify; and integrating different types of research, on the basis of historical data, to project people's and institutions' responses to legislative changes. The processes generally differ for each estimate so that CBO can make the best use of different types of research to model the effects of a particular legislative proposal. The complexity of CBO's analysis, and the different analytical tools that are often brought to bear, make documentation and explanation important—but also time-consuming and resource-intensive.

Added resources would also allow CBO to produce other kinds of information that would aid transparency. For instance, the results of models often depend on key parameters used in them, and CBO could provide more information about the basis for the values used. Additional funding would also help the agency turn its internal comparisons of projections and actual results—for the economy, revenues, spending, deficits, and debt—into public documents.

Analytical Capacity

Under current law, federal spending on the government's major health care programs will continue to rise substantially. Accordingly, in 2019, the agency anticipates spending a great deal of effort in projecting the costs of federal health care programs and in analyzing proposals to change those programs. Adding analysts to CBO's team would help the agency produce a greater range and volume of analysis.

Interest in legislative proposals related to health care—on the part of committees of jurisdiction, the Congressional leadership, and the budget committees—remains very great. The enactment of the Affordable Care Act in 2010 was followed by strong Congressional interest in analysis of that legislation and possible modifications to it, as well as in potential changes to Medicare or Medicaid. Recently, the Congress has devoted substantial time to discussing proposals to repeal and replace the Affordable Care Act. Those developments have already boosted CBO's workload, and the agency anticipates that the Congress will request much more analysis of such proposals, related executive actions, and other potential changes.

In addition to responding to those immediate concerns, CBO is engaged in longer-term projects, analyzing various aspects of the health care system and enhancing its future analytical capacity to assess the effects of legislation on that system and on the federal budget. Additional staff would enable CBO to make more rapid progress on the important effort of updating its simulation model of health insurance coverage without constraining its work on current legislative proposals.

Furthermore, CBO would like to have access to more data—both data that analysts already use regularly and sensitive data that the agency hopes to obtain. Such on-site capacity would make CBO's use of data speedier

and more consistent. For example, expanded access to data would allow CBO to:

- Enhance its projections of educational attainment, thereby improving its projections of total factor productivity and economic growth;
- Improve its modeling of various demographic characteristics—including marriage patterns and variation in fertility and mortality rates by socioeconomic status—which would bolster its projections of Social Security benefits and income tax receipts;
- Better its understanding of the resources available to people in retirement, which would allow the agency to expand its analysis of families' wealth to include Social Security income and income from defined benefit pensions; and
- Enhance its understanding of labor force participation by older people and changes in earnings inequality over time, which would improve its projections of Social Security benefits and people's behavior in claiming benefits.

The additional resources needed for secure on-site capacity would increase the quality and timeliness of CBO's work—its budget projections for the next 10 years and the long term, its cost estimates for legislative proposals, and its policy studies of issues that have significant budgetary and economic impacts.

This testimony incorporates information from CBO's budget request for fiscal year 2019, which was prepared with contributions from Leigh Angres, Wendy Edelberg, Joseph E. Evans, Jr., Theresa Gullo, Mark Hadley, Deborah Kilroe, Jeffrey Kling, Cierra Liles, Terry Owens, Benjamin Plotinsky, Stephanie Ruiz, Mark Smith, and Robert Sunshine.

The testimony is available on CBO's website at www.cbo.gov/publication/53481.



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